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SUBJECT: CHINESE SCHOLARS' INITIAL TAKE ON PM SINGH VISIT

Classified By: Political Minister Counselor Aubrey Carlson. Reasons 1.
4 (b/d).

11. (C) Summary: Echoing adulatory press coverage of Indian PM Singh's January 13-15 visit to Beijing, several Chinese scholars told PolOff the visit significantly enhanced trust between Chinese and Indian senior leaders and between the two countries' militaries. China, the scholars said, was also grateful for PM Singh's assurances that India is not part of a strategic alliance aimed at China. The scholars conceded, however, that the visit had led to little or no concrete progress on the border issue, trade frictions, or the U.S.-India 123 agreement. One scholar noted that extensive coverage of the visit reflects a new Chinese recognition of India's great economic and military power. End Summary.

"Shared Vision" Reflects Increased But Limited Trust

12. (C) MFA-affiliated China Institute of International Studies (CIIS) scholar Rong Ying on January 16 said PM Singh's visit heavily emphasized "friendship and trust" and "equality" between the two nations. The Chinese-Indian joint document resulting from the visit ("Shared Vision for the 21st Century") concentrated on the issue of increased trust, he noted. Separately, Peking University South Asia scholar Shang Huipeng on January 16 echoed views that the visit would lead to greater trust and improved bilateral relations. Also separately, Chinese Academy of Social Sciences (CASS) South Asia scholar Liu Jian on January 16 concurred that the visit engendered "more trust," but said that both countries "still have a long way to go" to overcome years of mutual distrust and ignorance. Liu said it is unlikely China and India will "talk with one voice" often enough to have significant joint influence on international affairs.

Singh Assurances Reassure China

13. (C) Peking U's Shang said that, for China, PM Singh's assurance that India maintains an independent foreign policy is crucial to building trust. Singh specifically assured China that last year's Malabar exercise with the United States, Australia, Japan and Singapore does not indicate a nascent alliance of democracies in Asia. According to Rong, PM Singh's rejection of "balance of power" calculations in his January 15 speech to the Chinese Academy of Social Sciences and the Joint Statement's affirmation of the Five Principles of Peaceful Co-existence (originally established in the 1950s) indicate that strengthened bilateral ties will have "a regional and global impact." Chinese leaders reciprocated Singh's assurances by telling PM Singh that China's relations with India's neighbors, particularly Pakistan, did not make India "the third country" of a triangle. Borrowing USG language on India-Pakistan relations, CIIS' Rong said China wants to "de-hyphenate" its relations with Pakistan and India, and instead foster "parallel development."

Military Contacts

14. (C) The three scholars stressed that improved military relations were a particular achievement of the visit. The scholars welcomed statements pledging increased military contacts as a follow-up to the Annual Defense Dialogue and counter-terrorism military exercise held in December. Rong said that the military relationship "has lagged behind" economic and political concerns in the bilateral relationship and that "the time has now come" to increase mutual understanding between the two countries' militaries. Increased understanding would contribute to a resolution of the border situation and decrease the risk of incidents such as the Chinese military attacks on Indian bunkers in Sikkim last year. CASS scholar Liu cautioned, however, that to date only one small-scale joint Chinese-Indian exercise has taken place. Only a great increase in the size and scope of military exercises will address the mistrust that remains between the two militaries.

Border Dispute: No Solution, No Obstacle

15. (C) Despite the increase in "trust," none of the scholars thought the visit would lead to any quick resolution to the ongoing border dispute over Aksai Chin, controlled by China but claimed by India, and Arunachal Pradesh, controlled by India but claimed by China. CIIS' Rong assessed that it would be in the interest of both sides to solve the issue quickly and that therefore, negotiators must "be patient, but work harder and with more creativity." Despite the difficulties in addressing the border dispute, the scholars

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agreed that neither India nor China want the issue to color an otherwise improving relationship.

Continued Trade Friction

16. (C) Shang said the agreement between PM Singh and Chinese Premier Wen Jiabao to push for \$60 billion in total bilateral trade by 2010 reflects trade ties that have grown "beyond expectations." Shang said the two sides understand the need to increase trade. Rong cautioned, however, that despite calls for increased economic and technical cooperation and an undefined "new architecture" for regional integration, structural trade problems, reflected in India's large and growing deficit with China, will persist. He said Chinese competitive advantages in manufacturing and demand for raw materials from India will continue to drive the trade balance in China's favor. Rong said that even for the United States, increasing investment in India "is not an easy thing," implying Chinese investment in India is unlikely to increase sharply. Liu said the current trade imbalance is not sustainable and therefore the Chinese Ministry of Commerce "cannot afford to ignore it," but saw no quick or specific solutions on the horizon. (Note: Maintaining an overall positive message about the Singh visit, Chinese media did not report statements by Indian Commerce Minister Kamal Nath carried in non-PRC media urging action by the Chinese government on non-tariff barriers and copyright violations.)

Nothing New on U.S.-India 123 Nuclear Agreement

17. (C) Professor Rong discounted Indian press accounts claiming PM Singh gained China's acceptance of India as a nuclear state and support for the U.S.-India 123 Nuclear Agreement. He said that calls for civilian cooperation in nuclear cooperation have occurred during a number of visits and that China's position on the U.S.-India 123 Agreement has not changed. CASS scholar Liu agreed that the visit did not result in any recent change in China's position, but

predicted that ultimately China would not object to the 123 Agreement in the NSG.

Ambiguous Agreement on UN reform

¶8. (C) Rong said that the language of the Joint Declaration concerning India and the United Nations could be interpreted by some observers as China's moving toward support for an Indian permanent seat on the UN Security Council (UNSC). However, Rong noted the section's ambiguity and said he believes China remains committed to UN reform, but not to advocating a permanent Indian UNSC seat.

Growing Importance of India

¶9. (C) Liu said the extensive media coverage of PM Singh's visit, especially compared to the 2003 visit of then-Indian PM Vajpayee, reflected China's changed calculation of India's importance. Liu said that India's dramatic economic growth and increasing military strength have made China realize that India "is not as weak as we imagined in the past" and that both sides realize a healthy China-India relationship is "strategically important," both in terms of regional issues and to sustain high economic growth rates.

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